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## **NEW ENVIRONMENTAL ENERGY HOLDINGS LIMITED** **新環保能源控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3989)**

### **CONNECTED TRANSACTION**

#### **THE LOAN AGREEMENT**

On 16 October 2013, the Company as borrower and Beijing Capital (HK) as lender entered into the Loan Agreement, pursuant to which Beijing Capital (HK) agreed to grant the Loan to the Company. The Loan will be secured by the Company's equity interests in three non-wholly owned subsidiaries and an associate. The Company and Beijing Capital (HK) executed the Share Pledge Agreement in such regard on 16 October 2013.

#### **LISTING RULES IMPLICATION**

As at the date of this announcement, Beijing Capital (HK) holds approximately 48.18% of the issued share capital of the Company and is the controlling Shareholder. As such, Beijing Capital (HK) is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Accordingly, the Financial Assistance constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **GENERAL**

The Independent Board Committee (comprising all independent non-executive Directors) has been formed to (i) advise the Independent Shareholders as to the fairness and reasonableness of the Loan Agreement and the Share Pledge Agreement and whether the Financial Assistance is in the interests of the Company and the Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote on the resolution(s) in respect of the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder after taking into account the recommendations of the independent financial adviser to be appointed by the Company.

The EGM will be held to consider and, if thought fit, pass the resolution(s) to approve the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder. Beijing Capital (HK) and its associates are required to abstain from voting on the resolution(s) to approve the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further information on the Loan Agreement and the Share Pledge Agreement, the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the Financial Assistance, a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation thereto and the notice for the EGM is expected to be despatched to the Shareholders on or before 6 November 2013.

On 16 October 2013, the Company as borrower and Beijing Capital (HK) as lender entered into the Loan Agreement, pursuant to which Beijing Capital (HK) agreed to grant the Loan to the Company.

### **THE LOAN AGREEMENT AND THE SHARE PLEDGE AGREEMENT**

Summarised below are the principal terms of the Loan Agreement and the Share Pledge Agreement:

Lender:	Beijing Capital (HK)
Borrower:	The Company
Principal amount of the Loan:	HK\$220,000,000
Interest rate:	5.13% per annum
Term:	24 months, subject to extension to be agreed by the parties
Condition precedent:	The Loan Agreement is conditional upon the approval of the Independent Shareholders according to the requirements of the Listing Rules
Repayment:	The Company shall repay the Loan and all accrued interests thereon at the expiry of the term of the Loan
Early repayment:	Subject to the consent of Beijing Capital (HK), the Company may repay the outstanding Loan in full or in part before maturity and interest will be charged according to the original interest rate and the actual term of the Loan. In contrary, subject to the consent of the Company, Beijing Capital (HK) may also request the Company to repay any outstanding Loan in full or in part.

Security: Pledge of the Company's 60% equity interest in 北京一清百瑪士綠色能源有限公司 (Beijing Yiqing Biomax Green Energy Park Co., Ltd.\*), 90% equity interest in 都勻市科林環保有限公司 (Duyun Kelin Environment Company Limited\*), 80% equity interest in 甕安縣科林環保有限公司 (Weng'an Kelin Environment Company Limited\*) and 46% equity interest in 深圳粵能環保再生能源有限公司 (Shenzhen Yueneng Waste-to-Energy Ltd.\*), in favour of Beijing Capital (HK) as security for the Loan. The aggregate value of the aforesaid equity interest is RMB186,458,312.55 (equivalent to approximately HK\$236.8 million). The Company and Beijing Capital (HK) entered into the Share Pledge Agreement on 16 October 2013 in such regard.

The interest rate of the Loan was determined after arm's length negotiations between the Company and Beijing Capital (HK) based on the actual funding costs to be incurred by Beijing Capital (HK) for obtaining funding for the Loan. The Directors (excluding the independent non-executive Directors who will express their opinion after considering the recommendation of the independent financial adviser to be appointed by the Company) are of the view that the terms of the Loan Agreement and the Share Pledge Agreement are in normal commercial terms, fair and reasonable and the Financial Assistance is in the interests of the Company and the Shareholders as a whole.

Certain Directors, namely Mr. Yu Chang Jian, Mr. Liu Xiao Guang and Mr. Cao Guo Xian, are directors and/or hold various senior management positions in Beijing Capital (HK)'s group companies. They are considered to have material interest in the Financial Assistance and have abstained from voting on the relevant Board resolution(s) approving the Loan Agreement and the Share Pledge Agreement.

## **USE OF PROCEEDS AND REASONS FOR AND BENEFITS OF THE FINANCIAL ASSISTANCE**

As at the date of this announcement, the Group is principally engaged in provision of waste treatment technologies and services which specialises in technology development, design, system integration, project investment, consultancy, operation and maintenance of waste treatment facilities, especially waste-to-energy projects.

Beijing Capital (HK) is principally engaged in overseas capital operations, investment and financing, environmental industry value chain and international business operation.

The Financial Assistance will strengthen the Group's financial position and liquidity for the business development of the Group and will be utilised by the Group for financing the proposed acquisition of 97.85% interest in 惠州廣惠能源有限公司 (Huizhou Guanghui Energy Company Limited\*) with a total commitment of RMB217 million (equivalent to approximately HK\$271.3 million), the details of which were disclosed in the Company's announcement dated 19 August 2013.

## **LISTING RULES IMPLICATION**

As at the date of this announcement, Beijing Capital (HK) holds approximately 48.18% of the issued share capital of the Company and is the controlling Shareholder. As such, Beijing Capital (HK) is a connected person of the Company for the purpose of Chapter 14A of the

Listing Rules. Accordingly, the Financial Assistance constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Independent Board Committee (comprising all independent non-executive Directors) has been formed to (i) advise the Independent Shareholders as to the fairness and reasonableness of the Loan Agreement and the Share Pledge Agreement and whether the Financial Assistance is in the interests of the Company and the Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote on the resolutions in respect of the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder after taking into account the recommendations of the independent financial adviser to be appointed by the Company.

The EGM will be held to consider and, if thought fit, pass the resolution(s) to approve the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder. Beijing Capital (HK) and its associates are required to abstain from voting on the resolution(s) to approve the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further information on the Loan Agreement and the Share Pledge Agreement, the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the Financial Assistance, a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation thereto and the notice for the EGM is expected to be despatched to the Shareholders on or before 6 November 2013.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate”	has the meaning ascribed thereto under the Listing Rules
“Beijing Capital (HK)”	Beijing Capital (Hong Kong) Limited, a company incorporated with limited liability under the laws of Hong Kong
“Board”	the board of Directors from time to time
“Company”	New Environmental Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider, and if thought fit, approve, among other things, the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder

“Financial Assistance”	the provision of the Loan from Beijing Capital (HK) to the Company pursuant to the Loan Agreement and the Share Pledge Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all independent non-executive Directors, namely Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen, Mr. Li Baochun and Ms. Chan Yee Wah, Eva, which has been formed for the purpose of advising the Independent Shareholders as to the fairness and reasonableness of the terms of the Loan Agreement and the Share Pledge Agreement
“Independent Shareholder(s)”	Shareholders, other than Beijing Capital (HK) and its associates which are required to abstain from voting on the resolution(s) approving the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder at the EGM
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of HK\$220,000,000 pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 16 October 2013 entered into between the Company as borrower and Beijing Capital (HK) as lender in respect of the provision of the Loan
“PRC”	the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) in issue
“Share Pledge Agreement”	the share pledge agreement dated 16 October 2013 entered into between the Company and Beijing Capital (HK) in relation to the pledge of the Company’s 60% equity interest in 北京一清百瑪士綠色能源有限公司 (Beijing Yiqing Biomax Green Energy Park Co., Ltd.*), 90% equity interest in 都勻市科林環保有限公司 (Duyun Kelin Environment Company Limited*), 80% equity interest in 甕安縣科林環保有限公司 (Weng’an Kelin Environment Company Limited*) and 46% equity interest in 深圳粵能環保再生能源有限公司 (Shenzhen Yueneng Waste-to-Energy Ltd.*), in favour of Beijing Capital (HK) as security for the Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC and the exchange rate between RMB and HK\$ for the purpose of this announcement is RMB1: HK\$1.27

“%” per cent.

By order of the Board  
**New Environmental Energy Holdings Limited**  
**Yu Chang Jian**  
*Chairman*

Hong Kong, 16 October 2013

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yu Chang Jian, Mr. Cao Guo Xian, Mr. Liu Xiao Guang and Mr. Xue Huixuan and four independent non-executive Directors, namely Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen, Mr. Li Baochun and Ms. Chan Yee Wah, Eva.*

\* *For identification purpose only*